



General Assembly

January Session, 2007

Raised Bill No. 1177

LCO No. 4352

04352_____CE_

Referred to Committee on Commerce

Introduced by:
(CE)

***AN ACT CONCERNING A JOBS INCENTIVE PROGRAM FOR
BIOTECHNOLOGY OR MEDICAL DEVICE MANUFACTURING
COMPANIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2007, and applicable to income years*
2 *commencing on or after January 1, 2007*) (a) As used in this section:

3 (1) "Application year" means the calendar year for which a
4 biotechnology or medical device manufacturing company submits the
5 information required for a determination as to a jobs incentive
6 payment;

7 (2) "Biotechnology company" shall have the same meaning as used
8 in section 12-217j of the general statutes;

9 (3) "Commissioner" means the Commission of Revenue Services;

10 (4) "Eligible jobs" means the number determined by first
11 multiplying each of the in-state jobs created by a biotechnology or
12 medical device manufacturing company during a calendar year, by the
13 job qualifier fraction for that job, and then totaling the number for all

14 in-state jobs created;

15 (5) "Job qualifier fraction" means the figure that determines the
16 extent to which an employee is employed in the state during a year,
17 and is determined by multiplying the following percentages together:

18 (A) The percentage of time that an employee worked, expressed as
19 average hours worked per week out of thirty-five hours, not to exceed
20 one hundred per cent, (B) such employee's time attributable to work in
21 the state, as a portion of such employee's total work for the company,
22 and (C) the portion of the year such employee worked for the company
23 and whose wages were subject to withholding pursuant to section 12-
24 705 of the general statutes;

25 (6) "Medical device manufacturing company" means a business
26 primarily engaged in manufacturing medical or surgical instruments,
27 surgical appliances or supplies, or electromedical, electrotherapeutic or
28 irradiation apparatus, and includes a manufacturer engaged in the
29 production of such products for a biotechnology or medical device
30 manufacturing company; and

31 (7) "Weighted average employment" means the total number of jobs
32 maintained by a biotechnology or medical device manufacturing
33 company during a calendar year, determined by first multiplying each
34 job maintained by the company for that year by the job qualifier
35 fraction for that job and then totaling the number for all of such jobs.

36 (b) A biotechnology or medical device manufacturing company that
37 creates ten or more eligible jobs in the state during a single calendar
38 year may receive a jobs incentive payment, if such company's
39 weighted average employment for such year reflects a net increase of
40 at least ten jobs over such company's weighted average employment
41 for the prior calendar year. The jobs incentive payment shall be equal
42 to fifty per cent of the income tax deducted and withheld from the
43 wages of new employees and paid over to the state pursuant to
44 chapter 229 of the general statutes, multiplied by the maximum income
45 tax rate for such year. For purposes of this section, an eligible job shall

46 be deemed created in the state on the first day for which withholding
47 is required pursuant to section 12-705 of the general statutes.

48 (c) A biotechnology or medical device manufacturing company that
49 seeks a jobs incentive payment pursuant to this section shall apply to
50 the commissioner to receive said payment. The application shall be on
51 a form provided by the commissioner, and shall contain sufficient
52 information concerning the eligible jobs created by the company in the
53 state during the application year, the company's weighted average
54 employment and such other information as may be necessary to enable
55 the commissioner to determine such company's eligibility for a jobs
56 incentive payment. If the commissioner disapproves an application,
57 the commissioner shall specifically identify the defects in the
58 application and explain the reason for the disapproval. The
59 commissioner shall render a decision on an application not later than
60 ninety days after the date of its receipt by the commissioner.

61 (d) Upon approval of an application, the commissioner shall make a
62 jobs incentive payment to a biotechnology or medical device
63 manufacturing company in three equal installments in each of the
64 three calendar years commencing with the calendar year subsequent to
65 the application year. If, for the first or second payment year, the
66 company's weighted average employment falls below its weighted
67 average for the application year, the company shall be disqualified
68 from receiving its second installment payment. Such company may
69 receive the third installment payment provided the weighted average
70 employment for the second payment year is above its weighted
71 average employment for the application year.

72 (e) Not later than March first of each calendar year for which a
73 biotechnology or medical device manufacturing company has been
74 approved to receive a jobs incentive payment, the company shall
75 submit to the commissioner, in a form to be determined by the
76 commissioner, the information necessary to evaluate the company's
77 prior year weighted employment average.

78 (f) When a biotechnology or medical device manufacturing
79 company has been granted a jobs incentive payment, it may not
80 request an additional jobs incentive payment until the three years of
81 payments have been made. Such company may apply for a new jobs
82 incentive payment based upon eligible jobs created during the third
83 year of the previous jobs incentive payment.

84 (g) The commissioner may adopt regulations, in accordance with
85 the provisions of chapter 54 of the general statutes, to implement the
86 provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	New section

Statement of Purpose:

To establish a jobs incentive payment for biotechnology or medical device manufacturing companies that add jobs in the state.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]